

Paper is entirely out of circulation, if we except the bank paper, which, being payable at sight in specie, is equal to it in value. So extensive has this circulation been that the managers not long since published a distribution of the first *half-year's* dividend at four and a half per cent, notwithstanding a variety of expenses to which they had been put in the first organization of the bank.¹

The first Bank of the United States was incorporated by the First Congress in 1791,³ as a part of the scheme of Alexander Hamilton to strengthen the new Federal government. Those who had opposed the adoption of the Constitution because of its centralizing tendencies, and some of those who had supported it, opposed the granting of the bank charter upon the ground that the Constitution contained no express grant to Congress of the power to establish a corporation. Their argument was that the case fell plainly within the rule subsequently embodied in the tenth amendment to the Constitution, that "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively or to the people/" President Washington obtained the opinion of the members of the cabinet before signing the bill. The opinions of Jefferson and Edmund Randolph were adverse to the constitutionality of the measure; but Washington followed the advice of Hamilton, his brilliant young Secretary of the Treasury, and gave the bill his approval.

The capital of the Bank of the United States was fixed at \$10,000,000, divided into 25,000 shares of \$400 each. The protection of small investors in bank stock was sought by a graduated scale of voting which did not permit more than thirty votes to any shareholder. Foreign shareholders were not allowed to vote by proxy, which practically prevented their voting at all. The number of directors was fixed at twenty-five, who must be citizens of the United States and not more than three-fourths of whom were eligible for reelection. The bank was not forbidden to loan on real estate security, but could not become an owner of real estate

¹ Wharton, *Diplomatic Correspondence* y VI., 146.

² Act of February 25, 1791.